

# Medicare Prescription Drug Program (Part D) Penalties



## What is the Part D late enrollment penalty?

If you do not have prescription drug coverage as good as Medicare Part D, and you enroll late in Medicare Part D, you may have to pay a penalty.

## What does Medicare consider late enrollment?

Medicare considers late enrollment to mean that you did not enroll in Part D during the initial six-month enrollment period (November 15, 2005 - May 15, 2006), or when you first become eligible for coverage.

If you decide to enroll, signing up during the earliest available enrollment period will help you avoid paying extra penalties.

## Is there always a penalty?

If you already have prescription drug coverage, your current plan will send you a letter telling you if your coverage is "as good as" (also known as "actuarially equivalent" or "creditable") the new prescription drug program. If you already have prescription drug coverage as good as Part D, you will not have to pay a penalty if you decide to enroll later.

## How much is the late enrollment penalty?

The penalty for late enrollment in the new prescription drug program will vary, based on how long you delay enrolling. Medicare will permanently add 1% of the current base beneficiary premium (the national average premium at the time you enroll) to your monthly premium for every month that you were late in enrolling.

For example, the national average premium in 2006 is \$32.20, so 1% would be 32.3 cents for each late month.

The longer you wait to enroll after your enrollment period ends, the higher the penalty you will pay.

Anyone who receives "extra help" from Social Security (the subsidy that helps you with your Medicare prescription drug plan costs) will pay lower and limited penalties for late enrollment.

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## ► What other points should I consider?

- Each delayed month adds another 1% to your premium for as long as you have a Medicare prescription drug plan.
- The federal government may use a figure higher than 1% in future years.
- Insurance premiums generally increase annually.

For more information and a graphic illustration of enrollment periods, see the SHIBA HelpLine handout “Timeline: Medicare Prescription Drug Program (Part D) Events and Deadlines.”

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